

A Work Project, presented as part of the requirements for the Award of a Master Degree in  
Management from the NOVA – School of Business and Economics.

RECOMMENDATIONS FOR NOVA SCHOOL OF BUSINESS AND ECONOMICS TO  
TARGET THE COLOMBIAN MARKET

MARIA ALEJANDRA PORRAS HIDALGO, 2418

A Project carried out on the Master in Management Program, under the supervision of  
Professor Elizabete Cardoso

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## **ABSTRACT**

The growing connotation Internationalization has worldwide, alongside the economic, political and socio-environmental changes, is empowering a progressively global education economy. Therefore, this Work Project aims to help Nova SBE to understand the decision making process of the Colombian tertiary education students, as this market constitutes an enriching opportunity to meet both business and educative objectives. In order to do so, a qualitative research was conducted to comprehend the rationale behind Colombian students to study abroad. The study points out that the reputation of a HE institution and the Portuguese culture are the key attributes to pursue a degree in Portugal.

**Keywords:** higher education in Portugal, internationalization strategies, Nova SBE.

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## 1. INTRODUCTION

### 1.1. OPPORTUNITY STATEMENT

Colombia is home to about 49 million people, and nearly 9 million are 15-24 year olds, of whom 93,6% are literate (Departamento Administrativo Nacional de Estadística DANE, 2015). Nowadays, Colombia is the third largest sending Latin American market, after Brazil and Mexico, with around 25.000 students enrolled in tertiary education institutions abroad (UNESCO Institute of Statistics, 2013). Of the range of possibilities, the majority of Colombians who choose to study abroad, do so in the area of business, finance and economics (Colprensa, 2013). The top five destinations for these students are United States, Spain, France, Australia and Germany (UNESCO Institute of Statistics, 2013).

This Colombian mobility around the world is mainly because there is a heightened interest in internationally recognized certifications; as some studies show, the prestige of the Higher Education Institutions providing such certifications are a major criterion for the graduates' higher employability rate in Colombia (being such from North America or Western Europe), in this sense, employers suggest that the priority competences that a future employee needs to develop, besides the core knowledge in the field, must include soft skills such as adaptability, critical thinking, and multicultural teamwork; data retrieved from the European Commission's *The Erasmus Impact Study* (2014), suggests that approximately 92% of the organizations are looking for "transversal skills" on top of field knowledge (91%) and relevant work experience (78%) when hiring graduates, like the ability to problem solve, being open and curious about challenges, tolerance towards other's behaviors and values, confidence, decision-making, among others (European Commission, 2014); therefore the eagerness of Colombians to gain international accreditations, not only in the top five destinations but beyond.

According to the most recent data of the Colombian Labor Observatory for Education (2013), the largest number of degrees awarded between 2012 and 2013 is concentrated in the area of Economics, Management, Accounting, Finance and related (36.5%), followed by the

area of Engineering, Architecture, Urban Planning and related (22.7%), and Social Sciences and Humanities (16.3%); the Economics area has a growth of 10%, and it is expected to increase steadily in the future years (Observatorio Laboral para la Educación, 2013).

There is increasing demand in Colombia for international certifications awarded by prestige higher education institutions. It is due to the need of Colombian students and young professionals to experience education abroad, gain highly-rated field knowledge, improve foreign-languages abilities and achieve other soft skills associated with the whole mobility venture, in order to face an increasingly dynamic and competitive market place, and to become world citizens.

As this need continues to increase, the market for such certifications is expanding, as not only North America and Western Europe are top destinations, but East Asia and the Pacific is nowadays an important higher education hub that has quickly attracted an important market share in Latin American countries. The current Nova SBE's share of enrolled students of Latin American countries (Brazil, Colombia, and Peru) by 2014-2015 is 0,9%<sup>1</sup> (9 students), in which just 3 students are Colombian. Nova SBE stands to gain significant revenue as strategically attracting Colombian students into its higher education programs.

Selected Colombian students and young professionals, the primary customer for international certifications awarded by prestige higher education institutions, are requesting top programs and are willing to pay for the best education and the expenses associated with their abroad mobility, to a higher education institution that meets these demands. The Admissions and Development office of Nova SBE has confirmed several target customers interested in the Business School's programs.

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<sup>1</sup> Market share calculated as Latin American students enrolled in 2014-2015 divided by Total number of students enrolled in 2014-2015.

## 1.2. FIT TO STRATEGY

This opportunity project is aligned with Nova SBE's mission and strategic vision. Nova School of Business and Economics is a provider of an excellent level of higher education and research, aiming to produce graduates and postgraduates prepared for the nowadays competitive market; assist the broader community with advance knowledge; profit from the Business School's strengths; and convey prestige to Portugal, students, Faculty, alumni and staff through international awareness (Nova School of Business and Economics, 2015).

The Business School's vision "to be among the best in Europe" (Nova School of Business and Economics, 2015), is currently moving the institution from the past import model of providing resident students with the best approaches and practices the world has to offer, into an "export model" where the main challenge is to compete in the market of globally mobile national and international "tradable" students. This strategic vision helps the building of a reputable "School Brand", which is critical in the market of higher education institutions and it will help to attract top students and Faculty from around the world, in order to further focus on "academic products" with a more singular value proposition; leveraging on the Portuguese culture and language that is dominant in countries with worldwide prominence such as Brazil and Angola (Nova School of Business and Economics, 2015).

## 2. METHODOLOGY

As this Work Project aims to make recommendations for Nova SBE to enter the Colombian market, the methodology used to do so comprised the analysis of the industry in which the School is, the analysis of the Business School itself, and the reasons behind the mobility of the Colombian students overseas, through the comprehension of the criteria used in their decision making process, and what was valuable to them when deciding to study abroad.

By the means to develop this WP, a deep research was made that included primary, secondary and tertiary data. To understand the HE industry, the analysis comprised an applied Porter's Five Forces Model (1980); then a PESTEL analysis (Rugman & Collison, 2006) was

made in order to understand the “big factors” affecting the external business environment of the Business School. It was relevant also to study the firm, in this case, the School, with the aid of Grant’s Resource-Based framework (1991), to help evaluate the organization internally. Subsequently, a SWOT framework was done to consolidate the threats and opportunities that arose in the industry analysis, and the strengths and weaknesses that resulted from the firm analysis.

In order to build a competitive strategy for Nova SBE to attract Colombians to enroll in its programs, the following point was to address what Colombian students want and what does Nova SBE offer to fulfill those needs; to do so, a Colombian market analysis was held in order to identify must-meet factors to be successful in the penetration strategy, and to examine the nature of Nova’s Business School competition within the chosen market. For this analysis, an exploratory research approach was followed, aiming to explore the Colombian higher education market and the possibility to attract individuals into studying at Nova SBE, in order to make recommendations about the matter (Malhotra & Birks, 2006).

To support this research a qualitative analysis was conducted based on data collected through a semi-structured interview that included several variables directly related to the Colombian insights about tertiary education decision making and their selection process. The interviews were conducted in an informal, relaxed way; some of them were face to face and other through online resources, due to limitations in mobility and respondents.

Two different interviews were designed based on the literature available about the topic (Malhotra & Birks, 2006; Saunders, Lewis & Thornhill, 2009). The questions were structured in a practical sequence in order to ensure an organized data collection based on the sequence of inquiries asked to each individual during the interview process so as to get insight into the most important topics in the subject. As per the sample, the first group of interviewees included 3

students from AAA<sup>2</sup> high schools in two of the most important cities in Colombia; and the other group was formed by students of master's degrees in Portuguese institutions, being one of them a current Nova SBE student. Making a total sample of four women and three men aged between 18 and 25 years old.

The results of this WP will be based on an inductive exploratory approach and a qualitative research, due to the fact that Nova SBE does not have enough knowledge of the Colombian market, and this methodology permits a full appreciation of the context of the research, stressing the collection of qualitative data (Saunders, Lewis, & Thornhill, 2009).

### **3. SITUATION ANALYSIS**

In order to come up with a relevant and usable strategy to interest Colombian students into Nova School of Business and Economics' programs there is the need to firstly analyze in a profound manner the industry in which the School operates, and then the institution itself. Secondly, it is important to overview the Colombian market.

#### **3.1. INDUSTRY ANALYSIS**

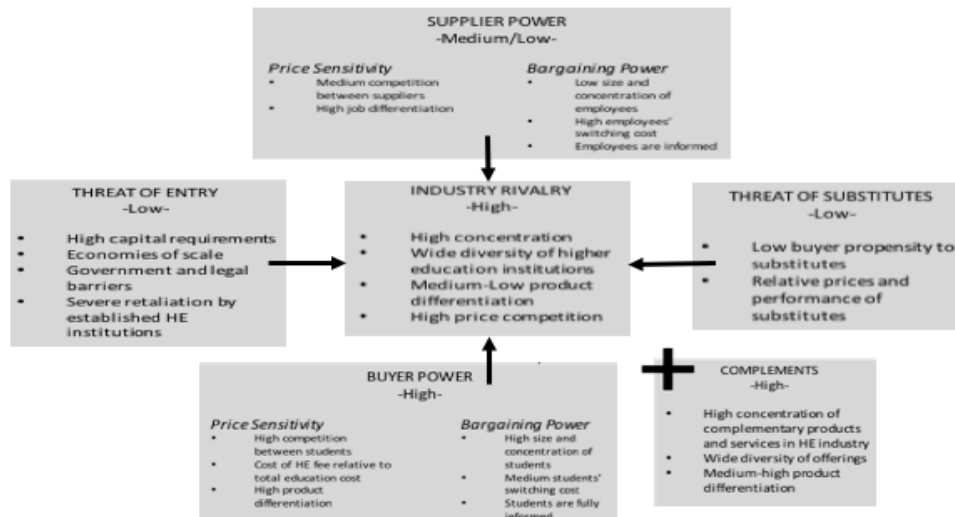
Linking a company to its environment is the principle of formulating a competitive strategy. The key subject of analysis of a firm's environment is the industry in which it plays, as the industry structure strongly influences the determination of the competitive rules of the business game as well as the potentially available strategies to the company (Porter, 1980). In order to analyze the higher education industry in which Nova School of Business and Economics operates, an extended model of Porter's Five Forces including the Complementary force is created. Although there are several aspects associated with each industry force, for the sake of conciseness the illustration of each force will be by discussing only the most representative elements, shown in Figure 1.

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<sup>2</sup> The Col-Sapiens Ranking is the classification of Colombian students according to category, quality, and international accreditation. Sapiens Research Group ranks students into AAA+, AAA, AA, and A.



Figure 1. Porter's Five Forces framework + Complements



From the above industry analysis of the higher education sector, based on the framework of Porter (1980), the overall evaluation for the industry competition is medium to high. While the overall threat of incumbents' entry and substitutes is low, the power of the suppliers and buyers is high, combined with a high industry rivalry. This general assessment is the result of an interchange between the inconveniences of the fragmentation of the industry with the increasing paybacks of a growing tertiary education sector with business and internationalization agendas.

The business macro environment of a firm comprises all the external factors and conjuncture that affect its strategic decisions and overall performance. Having analyzed the higher education industry in which Nova SBE functions with the aid of the Forces Model of Porter (1980), is mandatory to understand those general "big picture" factors and forces of change to analyze the Portuguese setting in which the Business School is exposed to, and from this, recognize possible opportunities and threats that may appear. Therefore, the widely used PESTEL analysis (Rugman & Collison, 2006), will support the discerning of Nova SBE's potential opportunities and threats, to shape the strategy to attract Colombian students (Grant, 2010).

As the PESTEL analysis (Rugman & Collison, 2006), helps to understand the Political, Economic, Social, Technological, Environmental, and Legal forces that will shape the business environment, the significant characteristics that shape Nova SBE business regarding politics

are that even with the new left wing government, the political environment is stable, and that the regulations in HE remains the same. In economic terms, even though the female and immigrant parties are the main forces for recovery, the unemployment rate is still high and Portugal remains in crisis. Due to the economic factor, the social aspect shows inequality and a weak education system, combined with the aging population and a low birth rate, and the threat of terrorism in European countries. In the technological context, Portugal has a strong communications system, with a wide broadband, high speed capabilities and a high Internet usage; these help higher education R&D with the grant of subsidies and the production of PhDs, researchers and scientific publications. The environmental setting in Portugal is the same as other countries in Europe, there is an increasing pressure to reduce energy consumption, the use of Green policies and the WEEE regulations that embraces all the European community; Portugal has fulfilled and exceeded in this commitment and ranked 17<sup>th</sup> out of 178 countries in the 2014 Environmental Performance Index<sup>3</sup> conducted by Yale. Finally, Portugal has a strong rule of law, and its legal framework is comparable to other European Union nations; the extensive immigrant identity management remains rigorous in HE institutions (MarketLine, 2014). An extensive PESTEL analysis can be seen in Appendix 1.

### 3.2. FIRM ANALYSIS

The Porter's Five Forces Model of industry structure and competition analysis helps an organization to understand its competitive environment (Porter, 2008), and the PESTEL Analysis helps to recognize potential opportunities and threats that a firm may face, that arise from the business environment (Rugman & Collison, 2006). Besides that, Grant's Resource-Based framework (1991) is used to help evaluate the organization's ability to exploit strengths and respond to identified weaknesses, by making resources and capabilities the foundation of

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<sup>3</sup> "Environmental Performance Index" by Yale. <http://epi.yale.edu/epi>

the analysis (Grant, 1991). Therefore, to continue the study, the Resourced-Based theory will serve as a model to analyze Nova SBE's resources and capabilities.

Grant (2010) explains that a firm's resources are the core unit of analysis; those resources include financial, human, physical, technological, and organizational resources plus reputation. However, resources alone are less helpful, therefore, a productive activity requires cooperation and coordination of a team of resources to perform some task or activity, this is called capability (Grant, 2010). For this purpose, it is necessary to analyze the relationship between resources and capabilities of Nova SBE; in order to do so, a "Nova SBE's Resources and Capabilities Appraisalment Platform" (Appendix 2) is constructed adjusting Grant's model (2010); identifying Nova SBE resources and capabilities, exploring the connections between them, and then appraising them in terms of strategic importance (scarcity and relevance) and relative strength (Appendix 3) (Grant, 1991).

With the analysis of the Appraisalment Platform, there can be pointed out Nova SBE's most important key strengths. Some of the key strengths that resulted in the analysis are the resources called "(R6) Reputation", "(R7) Faculty", and "(R12) Career Development Program & Job Placement", and the capabilities called "(C11) Higher Education Partners" and "(C3) Human Resources Management". Career Development and Job Placement is one of the most important strengths listed previously, as it includes several variables, such as the support offered by the school, the efficiency of that support and the time between finishing the studies and finding a job. According to Nova SBE's data, 100% Nova SBE's students with a master degree find a job after six months of graduation and 40% of them choose to pursue an international career. This possibility of choosing an international career also arises from the international exposure the school provides. 30% of Nova SBE's students are foreign students, and every year the school sends over 400 students abroad to over 150 partner schools, in 50 different countries. This international outlook is only available thanks to agreements with Higher Education

Partners. Moreover, 100% of the resident Faculty are PhDs, with international background, and the HR Management that combines superior professors with highly prepared staff, results in an excellent administration of the Business School. Finally, these capabilities and resources contributes to enhance Nova SBE Reputation, which is the most important key strength, as its place in Top Rankings worldwide and its many awards and accreditations, leverages world awareness, job placement and prestige, among top business schools, recruiters, and firms.

Besides key strengths, the Appraisalment Platform also display key weaknesses. The resource “(R5) Nova SBE Brand” is the key weakness, and the capability “(C1) Marketing and Brand Management” even tough it is not strictly classified, show that the weakest point is regarding the school brand and its management, as the international recognition the school has to its excellence increases awareness but it lacks a clear positioning when targeting. This combined can increase or decrease dramatically its reputation.

Differentiating the external and the internal environment of a firm is a common way to conduct a strategy analysis. The SWOT framework is the best known and most widely used; this approach classifies the several aspects of a firm’s strategy into Strengths, Weaknesses, Opportunities, and Threats. The first two are related to the internal environment, whereas the last two relate to the external one (Rugman & Collison, 2006). In practice, such distinctions are done to “kick off” a strategy formulation, but in this case, the SWOT framework will be done to consolidate the threats and opportunities that arose in the industry analysis (Porter’s Forces and PESTEL Analysis), and the strengths and weaknesses that resulted from the firm analysis (Grant’s Resource-Based framework). In order to summarize the results of Nova SBE internal and external research, the figure below shows the SWOT framework.

Table 1. Nova SBE's SWOT Framework.

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> <li>• Strong HE partnerships</li> <li>• Strong reputation</li> <li>• Strong job placement and career development</li> <li>• Strong human resource management</li> <li>• Strong faculty</li> <li>• Strong corporate partners</li> </ul>	<ul style="list-style-type: none"> <li>• Weak Brand Positioning</li> <li>• Weak marketing and brand management</li> </ul>	<ul style="list-style-type: none"> <li>• International relations with foreign countries</li> <li>• Immigration policies</li> <li>• New campus</li> <li>• Strong telecommunications system in Portugal</li> <li>• Green Nova</li> <li>• R&amp;D subsidies by the government</li> </ul>	<ul style="list-style-type: none"> <li>• Risky media relationship</li> <li>• Financing funds</li> <li>• Government regulations</li> <li>• Austerity measures</li> <li>• High unemployment in Portugal</li> <li>• Interest, Exchange and Inflation rates</li> <li>• Terrorism in European countries</li> </ul>

The competition framework suggested by Porter (1980) helped to analyze the forces that determine an industry attractiveness (Porter, 1980), the PESTEL analysis helped to understand the external environment of Nova SBE, the Grant's Resource-Based framework the internal forces of the Business School, and the SWOT analysis to summarize the findings; however, in order to build a competitive strategy for Nova SBE to attract Colombians to enroll in its programs, the following point is responding to "what students want" and "what does Nova SBE need to outperform competition". To answer these interrogations, it is mandatory to analyze the basis of the Colombian students' market in order to identify must-meet factors to be successful, and later to examine the nature of Nova's Business School competition within the chosen market (Grant, 2010).

#### 4. COLOMBIAN MARKET ANALYSIS

According to Calder (2001), to market effectively, a firm must surpass its own internal point of view to comprehend what its product means or could mean to the consumers' points of view. Calder says only a product or service that is meaningful from the point of view of its consumers, will seem different from other offerings, and therefore, will seem reasonably priced to them (Calder, 2001). Hence, the goal of understanding Colombian students is fundamental to propose a strategy for Nova SBE to target them. In order to do so, the framework developed by Professor Robert J. Dolan (2000) in his Harvard Business Review note on Marketing Strategy, will help to develop the analysis for the Colombian market (Dolan, 2000). Dolan's framework starts on the analysis of the 5Cs of the market: Customers, Company, Competitors, Collaborators, and

Context. Then, follows the Target Market Selection and Product Positioning; the Marketing Mix, to finally formulate recommendations.

#### 4.1. MARKETING ANALYSIS

4.1.1. Customers: Colombia is home to around 49 million people, with an annual population growth rate of 1.3%, and a life expectancy at birth of 75.48 years old. The age structure distributes Colombians into 0-14 years (24.94%), 15-24 years (17.81%), 25-54 years (41.71%), 55-64 years (8.62%), and 65 years and over (6.93%), with a gender distribution of 0.98 males per female. In socio-economic terms, between 2010 and 2013, Colombia increased its GDP of \$287.1 billion to \$ 369.6 billion with an annual growth rate of 4,6% (UNESCO Institute of Statistics, 2013); but the remaining inequality rate is still an issue for the society; there is a socio-economic stratification system, by law, going from 1 to 6, that divides all cities in Colombia into high and low income neighborhoods, 1 being the poorest and 6 the richest (Esbjørn & Pérez Fjalland, 2012). The Colombian labor force is composed by nearly 24 million people, distributed in agriculture (17%), industry (21%), and services (62%); and an unemployment rate of 9.1% (CIA Central Intelligence Agency, 2015).

Nowadays, Colombia is seen as a fast growing market and has been recognized that Colombia remains the growing leader among the biggest Latin American countries such as Brazil, Mexico and Argentina (Winkler, 2015). Colombia is known as a tourist destination as well as foreign investment destination with around \$4864.3 million, according data retrieved of the first six months of 2014 of the Colombian Central Bank<sup>4</sup>. This tendency to open the Colombian market is a venture promote by president Juan Manuel Santos and his ministries. The government's objective is to improve the qualitative function of FDI in the country's improvement, especially its contribution to job creation and infrastructure (OECD, 2012). In order to do so, there have been multiple investments and entries of multinational corporations

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<sup>4</sup> <http://www.tradingeconomics.com/colombia/foreign-direct-investment> - Banco de la República de Colombia

to the country. In this sense, the Colombian labor force is being enforced to learn other languages, have different intellectual preparation, a wide range of soft skills, in order to compete, not only with well prepared nationals, but with foreign workers that go after those companies.

The total population has a literacy rate of 94.7%, and a school life expectancy of 14 years from primary to tertiary education (UNESCO Institute of Statistics, 2013). Nearly 9 million Colombians are between 15 and 24 years old, and 93,6% of them are literate (Departamento Administrativo Nacional de Estadística DANE, 2015), with an enrollment rate of 46.1% in national tertiary education and with almost 350.000 graduates every year from minimum one of the 288 private and public HE institutions in Colombia (Ministerio de Educación Nacional, 2015). The main percentage of degrees awarded between 2012 and 2013 is concentrated in the area of Economics, Management, Accounting, Finance and related (36.5%), followed by the area of Engineering, Architecture, Urban Planning and related (22.7%), and Social Sciences and Humanities (16.3%). The Economics and related area has been growing about 10%, and it is expected to increase gradually in the future, according to the most recent data of the Colombian Labor Observatory for Education (Observatorio Laboral para la Educación, 2013). As some studies show, Colombia is a significant country in international education in Latin America. National indicators continue to rise: the public education budget is increasing, education consumer spending is forecast to rise, there is a growing demand for vocational training, and internationally recognized certifications, and most notably, an increased interest in abroad studies and English language education (ICEF Monitor, 2014). Therefore, universities in Colombia are becoming progressively internationalized, with both inbound and outbound student mobility growing; in part this is driven by the growing demand from the students, and also by the government's national program for the Internationalization of Tertiary Education

(Ministério de Educación Nacional, República de Colombia, 2009) and by national and international firms and recruiters who value degrees obtained abroad.

Currently, Colombia is the third largest Latin American market, after Brazil and Mexico, to send students abroad, with around 25.000 students enrolled in tertiary education institutions overseas (UNESCO Institute of Statistics, 2013). Of the variety of options, the popular fields chosen by Colombians to study abroad, are business, finance and economics (Colprensa, 2013), and the top five destinations for these students are United States, Spain, France, Australia and Germany (UNESCO Institute of Statistics, 2013). These students are from all around Colombia and their abroad studies are either family or stated funded. The students from low income families have the opportunity to get aid from the state organization called ICETEX (Instituto Colombiano de Crédito Educativo y Estudios Técnicos en el Exterior), which has a plenty of credit scholarships and educational loans to low income students, and full scholarships to the best students in Colombia (ICETEX, 2015).

4.1.2. Company: Nova School of Business and Economics Nova SBE is the business school (or faculty of business and economics) of the Universidade Nova de Lisboa (Nova School of Business and Economics, 2015). Nova SBE is a contributor to an excellent level of higher education and research in Portugal, aiming to create graduates and postgraduates prepared for the present and future competitive market; to assist the community not only in Portugal or Europe, but the world with advanced knowledge; to profit from the Business School's strengths; and deliver prestige to Portugal, students, Faculty, alumni and staff through international awareness (Nova School of Business and Economics, 2015).

The Business School's vision is "to be among the best in Europe" (Nova School of Business and Economics, 2015), therefore the School management is currently moving the institution from the past "import model" of providing resident students with the best approaches and practices the world has to offer, into an "export model" where the main challenge is to be part



of and compete in the market of globally mobile national and international students. This strategic vision is the basis to build a reputable “School Brand”, which is a critical aspect in the market of higher education institutions, and it will help to attract top students and faculty from around the world. This in order to further focus on “academic products” with a more singular value proposition; leveraging on the Portuguese culture and language that is dominant in countries with worldwide prominence such as Brazil and Angola (Nova School of Business and Economics, 2015). Nova SBE is recognized worldwide by its overall reputation as one of the top business schools in Europe (Financial Times, 2015). Its faculty, career development program, job placement, higher education partners and human resources are some of the institution’s key strengths. Nevertheless, the Business School has a major identified weakness, as its Nova SBE brand lacks marketing and brand management, as there is not a clear brand positioning.

4.1.3. Competitors: Combining the industry in which Nova SBE is competing and the European context in which it moves, with the top European destinations chosen for Colombians to have tertiary studies abroad, and the latest Financial Times ranking in business schools, the main competitors for Nova School of Business and Economics are: HEC Paris, Business School, ESCP Europe, Grenoble Graduate School of Business and EDHEC Business School from France; IE Business School, Esade Business School and EADA Business School Barcelona from Spain; Mannheim Business School from Germany; and Católica Lisbon School of Business and Economics from Portugal (Financial Times , 2015). Appendix 4 shows a comparative table between Nova SBE and its competitors when targeting Colombian students, as the competitors shown are the business school in the countries that attract them the most.

4.1.4. Collaborators: Nova School of Business and Economics, within its internationalization strategy, is regularly participating in bilateral agreements with universities and business schools all over the world. Nowadays, there are agreements with over 150 schools from 50 countries

abroad, including Asia, Europe, North America, Latin America, and Africa. Faculty also plays a central role in the educational value creation at Nova SBE; a broad range of teaching profiles, with 85% lecturers with PhD's from 25 nationalities, helps the School create a multidisciplinary, open-minded and excellent knowledge in education and research. To ensure connection to the business world, the Business School offers a Corporate & Alumni Relations Office, where they manage the access to Nova SBE's recruitment platform and the presence at career fairs. This team works together with the Career Management Office to strengthen the relationship between recruiters and students, where they have corporate partners such as important consulting firms, energy and telecommunications companies, FMCG organizations, Portuguese startups, among others (Nova School of Business and Economics, 2015).

4.1.5. Context: The international context in which Nova SBE is immerse in, is among other things influenced by the phenomena of the massification of tertiary education and the consequential exponential growth of the number of students who access higher education programs. This growth is confirmed with the projections available of the OCDE, that by 2030, estimates 450 million students, which by 2035 will be 450 million. The participation rate in tertiary education for Latin America, will possibly grow to 6,7% in 2022, becoming by 2035 the third region with the most number of students enrolled in HE institutions. It is prognosticated that Brazil will continue to be one of the top five countries with more students, but Colombia, Venezuela and Mexico will be in the top 20 by that time (OECD, 2014). It is important to mention that the bilateral agreement between the European Union with Colombia permitting the national citizens to travel to the Schengen territory with free transit without any visa, was ratified on December 4<sup>th</sup> of this year (El Pais, 2015)

## **5. MARKETING RESEARCH**

As stated in the methodology section, for the means to get insights about the Colombian higher education decision making, semi-structured interviews were held. The first group of

people to be interviewed were two students from a AAA high school in Medellín and one from Bogotá (now characterized as I1, I2 and I3, respectively). The second group was one current Colombian master's student, and the last group were two master's students from another HE institution in Lisbon (now characterized as I4, I5 and I6). For a profound characterization please address Appendix 5. There were 3 different interviews guides (Appendix 5), and the results are as follows.

For the first group of students interviewed, their decision in incurring into the field of business and economics was made one year before and based on their preferences and their perceived strengths in mathematics and economic sciences and politics, lectured in high school, "I recognized my preference and strength for economics two years ago, when I started to study Politics and Economics Sciences" (I1). Friends did not take part in their decision, but family and personal recommendations were the most common help, "My family is full of managers and entrepreneurs, and I asked them about their careers" (I2). One stated that news and the current situation in Colombia played an important part, "I want to help Colombia become a better country, to one day know a lot and teach teenagers, or start a social business" (I2). When asked if they have had abroad studies they answer negatively, but I1 said "In upper secondary, I went to Canada for 3 months to another school of the Compañía de Maria, and I really enjoyed my time there because I wanted to go to Toronto and to improve my English skills". Regarding their willingness to study abroad in the future, all 3 interviewees answered affirmative and stated that "I want to live alone and have a lot of experiences, improve my English and maybe learn another language, and of course the education abroad is better than the Colombian" (I3), I2 and I3 said they would like to do so in Western Europe and I1 in North America. When asked about the duration of their studies abroad, I1 answered "I want to do my specialization in Stanford and I guess that lasts 2 and a half years", but I3 said that "I want to start my bachelor's here (Colombia), but I want to do an exchange period in Europe in my 7<sup>th</sup> or 8<sup>th</sup> semester,

because it is cheaper and my parents will like it". Regarding their inclination to go to a university offering the same bachelors' degree as Nova SBE, they were very likely, saying that "It would be nice" (I2), "I guess is a valid option to do my bachelor's abroad" (I1), "Studying in Europe will be a blast!" (I3), but I3 changed to "I don't know a lot about Portugal and I don't know Portuguese, I only know Cristiano Ronaldo, I guess I will have to do some research" when the location of the business school was mentioned. Concerning the questions about their knowledge about Portugal and Lisbon, just one knew them and had a positive opinion about the country and the city "I went to Lisbon in a European trip with my aunt and cousins, but we only spend there two days to visit a friend of my aunt" (I2); however, neither of them knew the School. Regarding the second group, the two Colombian master's students from another HE institution (I4 and I5) have been already on an exchange period before, so they were used to be immerse in a different culture, speaking in a foreign language, "I was in AIESEC and I did a mini internship in Africa, and a 6-months internship in Brazil" (I4) and "After graduating from high school I went to Scotland for 6 months to improve my English". When asked about the decision process of studying a master's, I5 said that "I knew if I wanted to succeed in the business world, I had to learn another language and to have an international master's certification" and I4 stated that "My parents and older sister were always encouraging me to go out again to improve my professional career, as staying with just a bachelor's degree doesn't allow me to do anything in Colombia, and I don't want to live forever with the minimum wage of course". I5 for example stated that "When I started searching for a master's degree, I went to every university site, but I was always inclined to go back to Europe, so I narrowed my search, then I started asking and researching and I found out that Portugal was one of the cheapest countries and that the crisis was not a problem anymore, and also that there were two of the major business schools in Europe. Also, Portuguese is easier for us, and if you are in a cheap country you can travel a lot inside Europe", when asked about the decision to study in

Lisbon. When asked how did they chose their HE institutions, the interviewees stated that Internet, institution's reputation, rankings and friends were the sources of information that helped make the decision, as "everything you want to know about a business school or university is in their webpage and Internet, you just have to search a lot and have time" (I4). All of their tuition fees and living expenses were paid by family. According to their awareness and perception about Nova SBE, the interviewees stated that "Nova SBE is the second best after Católica Lisbon Business School and then followed by ISCTE" (I4). The last interview held, was to a current Colombian Nova SBE Master's student (I6). His answers regarding his decision making process stated that "I was inclined to go to Portugal and study in Lisbon, because I was already in Spain doing an exchange period, and I didn't want to go to France or Germany for two or more years, and I already knew Lisbon because one uncle lives here". He used "Internet, rankings and family recommendations (as one uncle of him lives in Lisbon) to choose Nova Business School". His tuition fees were paid by family with the aid of Nova SBE Scholarship. When asked about his time at Nova SBE and in Lisbon, his opinions were that "There is an international environment at Nova, that forces me to learn and talk in many languages, Nova teaches us how powerful diversity is. Studying and working with different backgrounds, of different countries, was very challenging, but I had the time of my life here in Lisbon and in Nova". When asked of his willingness to recommend his HE institution, he answered "Of course! I already recommend Nova to a bunch of friends".

## **6. TARGET MARKET SELECTION & PRODUCT POSITIONING**

Having analyzed Nova SBE internally and externally, the industry in which it competes, the competitors and collaborators, and the national and international context around higher education, the following step is to proceed to the segmentation of the Colombian market, the selection of the target, and the positioning of Nova SBE's products, in order to make recommendations in how to attract Colombian students to the institution. Theory says that both

segmentation and targeting are two main fundamentals of strategy formulation and marketing planning. The first one implicates dividing the potential consumer market into uniform groups. These groups are distinguished in terms of their demographic characteristics, psychographic profile, attitudes and behavior patterns. Positioning involves affiliating the brand with a category the consumers can associate, differentiating the brand from other products in the same category, and linking the brand to the consumers' goals (Sternthal & Tybout, 2001).

Targeting and target selection have many approaches and ways to do it, therefore for Nova SBE to attract Colombian students, the Usage Based Approach is applied, in which the strategy that best suits the venture is a Point-of-Entry strategy. The idea underlying this strategy is to identify who will enter the category, in this case, Colombian students from 15 to 24 years old, both male and female, will be looking for tertiary education; the entry to this category is divided in the time this entry is going to happen, for instance, students from 15 to 20 years old, are the ones entering the category soon after graduating from high school, and the other students from 20 to 24 years old, are the young professionals searching for upper-tertiary education such as master's degrees and specializations. In this sense, it will be feasible to better target Colombian students (Sternthal & Tybout, 2001). In order to narrow a bit more these preliminary groups, is mandatory to segment them in demographics and psychographic matters. To this end, the table below shows both groups with its own characteristics.

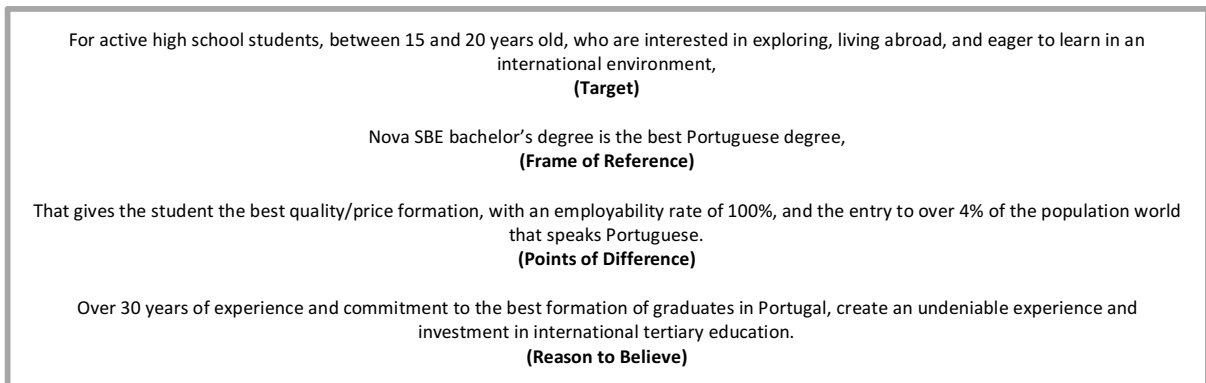
Table 2. Segmented Colombian market.

High-Schoolers	Undergraduates
<ul style="list-style-type: none"> <li>•15 - 20 years old</li> <li>•Strata 4 - 6</li> <li>•English learners or bilinguals</li> <li>•Come from AAA-A high schools in Colombia<sup>5</sup></li> <li>•Past international experiences</li> <li>•Interested in exploring</li> <li>•Interested in having better jobs, for instance a better professional career</li> <li>•Want to live abroad for a while</li> <li>•Traveling lifestyle</li> <li>•Socially active</li> </ul>	<ul style="list-style-type: none"> <li>•20 - 24 years old</li> <li>•Strata 4 - 6</li> <li>•English speakers and other languages learners</li> <li>•Past international experiences</li> <li>•Exploring lyfestyle</li> <li>•Want to gain a higher income either to jobs or self employment</li> <li>•Interested in having better jobs, for instance a better professional career</li> <li>•Traveling lifestyle</li> <li>•Want to work abroad for a while</li> <li>•Socially active</li> </ul>

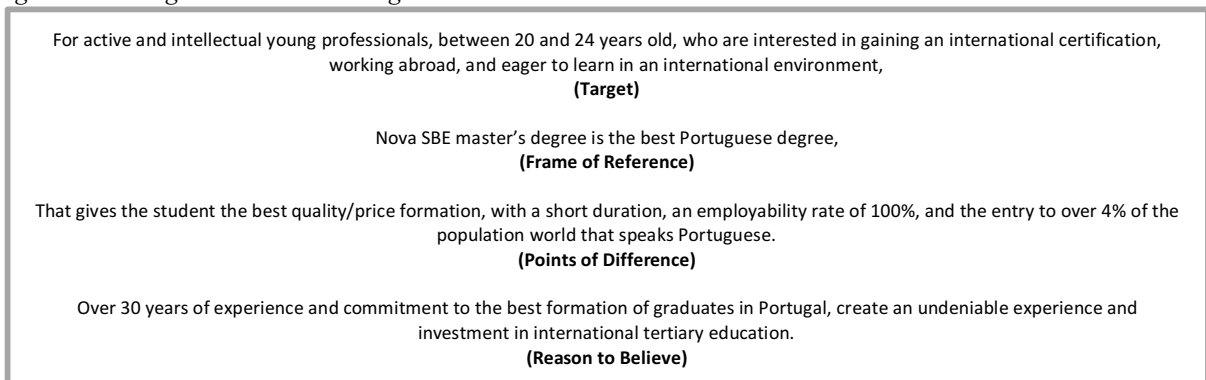
<sup>5</sup> Ranking Col-Sapiens 2015. Classification of the best Colombian high schools according to category, quality and accreditations.

As Keller (2013) suggests, positioning is the finding of the proper location in the minds of the target segments, so that they think about the brand in the way the firm desires, to maximize the potential benefit to the institution (Keller, 2013), as follows the two positioning statements for the High-schoolers (Figure 2) and the Undergraduates (Figure 3).

*Figure 2. High-schoolers Positioning Statement*



*Figure 3. Undergraduates Positioning Statement*



## 7. CONCLUSIONS & RECOMMENDATIONS

Having completed the internal and external analysis of Nova SBE, and a qualitative marketing research, the final step is to draw conclusions and recommendations. For this purpose, the Marketing Mix will be used because it helps to successfully position Nova SBE market offer.

**7.1. Product:** In terms of product, Nova SBE has a wide range of higher education programs, including bachelor's, master's degrees, PhDs and MBAs. However, in order to attract Colombian students to its programs, the Business School should review the possibility to create a Double-degree program with major private universities in Colombia like Universidad de los

Andes, Externado de Colombia, and EAFIT. This program will create an opportunity for the student to have Colombian and Portuguese top education, and will target the complete range of Colombian students, as they start their higher education in their chosen university and the last year is done abroad at Nova SBE, having the bachelor's degree in Colombia and the master's degree in Portugal, all done in 5 years.

7.2. Place: As for the place, Nova SBE is currently striving for the completion of the new campus in Carcavelos. Which will allow for an increase in students enrolled and better associated services, such as accommodation and alimentation, to offer besides a modern campus and a complete place to educate and learn. Although, some of the interviewees raised the question regarding the number of rooms in the residency and what would happen if those are full. It is therefore recommended that Nova SBE partners with organizations that offer accommodation.

7.3. Promotion: As pointed out in the internal analysis of the institution, Nova SBE has an identified weakness in the aspect of marketing and brand management. Nonetheless, the efforts of the team in charge to promote and create awareness for the institution has served very well, since their efforts to recruit Portuguese and international students are shown in their enrollment rates and different awards and recognitions of the Business School. In order to attract more Colombian students however it is recommended to invest in brochures in Spanish and English to send to the AAA high schools in Colombia, like Colegio San Jorge de Inglaterra and Colegio Marymount, so that the psychologist and social worker that helps students decide what career to follow, have information at hand to “advise” or promote Nova SBE programs. The social media and networking of the School is serving as a source of information and decision making to young professionals or undergraduate students when thinking about a master's degree investment; however, WOM is a huge resource the institution has. If each Colombian student recommends the institution and three new students enroll the following year, like it has



happened with German students, it can create a snowball of awareness and recognition inside the Colombian higher education market. Another way to attract Colombian students, Nova SBE can promote intensely the Summer School, due to the fact that Colombians are not longer forced to have a visa to enter the Schengen territory.

7.4. Price: One of the insights of the interviews was that the selected Colombian students, and their families, are not that much of price sensitive, even though they seek for the best quality/price/duration relationship. In this sense, Nova SBE's perceived pricing is good for the quality and duration its programs have, as well as its financial aids and several scholarships offered to students.

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